

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Franchise Investment Protection Act by:

CEILING PRO INTERNATIONAL  
INCORPORATED; BRAD MATUSHAK; their  
agents and employees,

Respondents

SDO – 60-01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-09-267

THE STATE OF WASHINGTON TO: Brad Matushak  
Ceiling Pro International Incorporated  
7456 Washington Avenue South  
Eden Prairie, Minnesota 55344

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Brad Matushak and Ceiling Pro International Incorporated, have violated the Franchise Investment Protection Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

I.

Ceiling Pro International Incorporated (“Ceiling Pro”) is a Minnesota corporation with a primary place of business located at 7456 Washington Avenue South, Eden Prairie, Minnesota 55344. Ceiling Pro is in the business of cleaning acoustic and other ceilings using specified products and methods.

SUMMARY ORDER TO CEASE AND  
DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

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II.

Brad Matushak (“Matushak”) was the president of Ceiling Pro International at all times material.

III.

Nature of the Offering

Ceiling Professional International Incorporated maintains a website on the World Wide Web located at [www.cpihq.com](http://www.cpihq.com). This website provides viewers with information regarding the possibility of opening a Ceiling Pro dealership. To receive more information one must simply fill out an electronic request form.

In 1999, Ceiling Pro provided at least one Washington resident with information regarding the possibility of opening a Ceiling Pro dealership. The Washington resident was provided with an informational folder, a video and a written dealer agreement. This information included a flyer that calculated potential earnings for a full-time dealer as \$99,240. The Washington resident was not provided with a complete Uniform Franchise Offering Circular (UFOC) or financial statements for Ceiling Pro.

At least one Washington resident executed a dealer agreement with Ceiling Pro and paid the required fee. As recently as 1999, Ceiling Pro advertised in local Washington newspapers to interest potential dealers. The website currently solicits all Internet viewers, including Washington residents, as potential dealers.

IV.

Nature of the Agreement

The dealer agreement grants the dealer the right to use the trademarks “Ceiling Pro” or Ceiling Professional” in the course of the business carried on by the dealer. The dealer agreement requires the

1 potential dealer to pay an up-front, lump-sum fee of \$12,900. Subsequent to the purchase of the  
2 dealership, the dealer must purchase all additional solutions and concentrates from Ceiling Pro.

3 Upon execution of the agreement, Ceiling Pro will provide the dealer with two main resources  
4 that explain how a dealer should conduct business. First, Ceiling Pro will provide an Operations  
5 Manual. The dealer agreement requires that the dealer will “professionally clean acoustic and other  
6 ceilings using machinery, equipment, cleaning solutions, and concentrates supplied by [Ceiling Pro] in  
7 an active manner pursuant to the terms and conditions of [Ceiling Pro’s] Operations Manual.” The  
8 operations manual explains the techniques, processes and procedures that shall be used in the course  
9 of business. Second, Ceiling Pro will provide a reasonable amount of qualified instructor training time  
10 in the field and classroom, not to exceed 16 hours.

11 V.

12 Ceiling Pro International Incorporated is not currently registered to sell its franchises in the state  
13 of Washington and has not previously been so registered.

14 VI.

15 The Securities Administrator finds that the continued offering of Ceiling Pro International in the  
16 manner described in Tentative Finding of Fact Section III, presents a threat to the investing public.

17 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

18 CONCLUSIONS OF LAW

19 I.

20 The offer and/or sale of the Ceiling Pro International Incorporated dealership described above  
21 constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(16) and RCW  
22 19.100.010(4).  
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II.

The offer and/or sale of said franchise is in violation of RCW 19.100.020 because no registration or notification of claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of Washington and it appears that the respondent does not otherwise qualify for an exemption from registration.

III.

The offer and/or sale of said franchise was made in violation of RCW 19.100.170 because Ceiling Pro International Incorporated and Brad Matushak failed to provide potential franchisees with a complete UFOC including financial statements for Ceiling Pro.

V.

The Securities Administrator finds that an emergency exists, that the continued violations of RCW 19.100.020, and RCW 21.20.140 constitute a threat to the investing public, and that summary orders to cease and desist from those violations is in the public interest and necessary for the protection of the investing public.

**SUMMARY ORDER**

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Ceiling Pro International Incorporated and Brad Matushak, their agents and employees cease and desist from offering and/or selling franchises in any manner in violation of RCW 19.100.020, the section of the Franchise Investment Protection Act requiring registration.

It is further SUMMARILY ORDERED That, Ceiling Pro International Incorporated and Brad Matushak, their agents and employees cease and desist from offering and/or selling franchises in any manner in violation of RCW 19.100.170, the anti-fraud section of the Franchise Investment Protection Act.

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**AUTHORITY AND PROCEDURE**

This Order is entered pursuant to the provisions of RCW 19.100.120 and RCW 19.100.130, and is subject to the provisions of Chapter 34.05 RCW. The respondents, Ceiling Pro International Incorporated and Brad Matushak, may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this 16<sup>th</sup> day of August 2000.



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DEBORAH R. BORTNER  
Securities Administrator

Presented by:

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Susan Anderson  
Legal Intern

Approved by:

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Michael E. Stevenson  
Chief of Compliance